

Op-Ed: Give USPS a viable trust-fund payment schedule

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The obstruction by key Republican senators who refused in late September to grant the U.S. Postal Service partial deferment of trust fund payments has driven the agency close to a breaking point. Because USPS was forced to make this \$5.5 billion payment into its already well-funded retiree health benefits trust fund, its cash reserves now sit at a dangerously low level, leaving it in a precarious financial position for fiscal 2011. Moreover, according to the independent Postal Regulatory Commission, this annual payment is part of an "overly optimistic" payment schedule that is "the principal cause of the Postal Service's impending liquidity crisis."

In 2006, the Republican Congress passed the Postal Accountability and Enhancement Act forcing the Postal Service to pay more than \$55 billion of an estimated \$87.5 billion liability for future retirees into a trust fund in just 10 years. The front-loaded payments were pure budget gimmickry by the Bush administration and the Republicans to make the budget appear balanced.

No company or government agency is required to make such onerous pre-payments, on top of benefits for current employees and retirees, and for good reason — the companies would be bankrupt if they did. Sound policy would have required the Postal Service to pay the \$87.5 billion incrementally over 40 or 50 years.

The Postal Service is now suffering greatly from years of misguided Bush-era policies. Millions of Americans are relying on Congress to fix these past mistakes, and that's exactly what Democrats are working to do. Our proposal would reduce the annual trust fund payment to a more reasonable level and require the remainder of the payments into the retiree health benefits trust fund to occur in scheduled installments over 40 years, starting in 2017.

Last year, the Democratic Congress included language in appropriations legislation to reduce the 2009 payment from an unreasonable \$5.4 billion to a more manageable, but still significant, \$1.4 billion. When Democrats sought to execute the same legislative strategy again this year, several Republican senators cynically maneuvered to block the legislation. They falsely and

irresponsibly argued that this proposal aimed to shift the payment burden to taxpayers. In reality, with last year's reduced trust fund payment, the health benefits fund is well-capitalized and currently contains about \$40 billion.

If the unsustainable trust fund payments are kept in place and the Postal Service runs out of money, taxpayers will eventually have to pick up the tab. This is the policy that congressional Republicans are supporting — knowingly pushing the Postal Service to the brink of insolvency and putting taxpayers at risk. Instead, we can stabilize the agency and avoid the need for a future taxpayer bailout by pursuing a responsible plan that involves contributing to the trust fund over time.

Rather than play political football with the Postal Service, members of Congress need to put aside their differences and focus on executing a strategy that will keep the organization viable. We must begin the process of imposing a more reasonable and responsible payment schedule for retiree benefits while working in a bipartisan fashion to contain other costs, expedite the pace of innovation and strengthen management. Far too many Americans rely on the Postal Service for Congress to allow it to sink deeper in peril.

Congress and the Postal Service must come together now to address the problems facing the venerable service.